

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1584

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: UK, PINT

SUBJECT: EC REFERENDUM: AN ASSESSMENT OF THE POLITICAL
FALLOUT

SUMMARY. THE EC REFERENDUM ON JUNE 5 WILL BE A WATERSHED
IN BRITISH POLITICS. IF, AS APOEARS INCREASINGLY LIKELY,
THE VOTE RESULTS IN A SUBSTANTIAL YES MAJORITY, PRIME
MINISTER WILSON WILL EMERGE WITH ENHANCED AUTHORITY AND
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GREATER FREEDOM OF ACTION TO CONFRONT THE LEFT WING OF

HIS OWN PARTY AND COME TO GRIPS WITH BRITAIN'S ECONOMIC CRISIS. THE POLITICAL PROSPECTS OF TONY BENN, HIS MOST VEXING CHALLENGER, WILL SUFFER A SETBACK WHILE THOSE OF AN OLDER RIVAL, ROY JENKINS, WILL PROSPER. THE JENKINS-MEN, HAVING BEATEN THE TRIBUNITES ON THE EC ISSUE, WILL BE HEARTENED FOR THE COMING SHOWDOWN ON ECONOMIC AND INDUSTRIAL POLICY.

THE CONSERVATIVES AND LIBERALS WILL BE ABLE TO TAKE GENERAL SATISFACTION FROM A YES VOTE. THEY HAVE HELD THEIR RESPECTIVE PARTIES LARGELY INTACT, WHILE LABOR HAS SPLIT DOWN THE MIDDLE, AND THEY HAVE PLAYED A DECISIVE ROLE IN MOBILIZING PRO-EC SENTIMENT AMONG THE ELECTORATE. TED HEATH WILL HAVE SCORED A PERSONAL TRIUMPH, RETURNING TO THE ARENA OF BRITISH POLITICS WITH A NEW LEASE ON LIFE. ENOCH POWELL'S WANING INFLUENCE WILL BE EVEN FURTHER ERODED. END SUMMARY

1. IF, AS APPEARS INCREASINGLY LIKELY, THE VOTE ON JUNE 5 RESULTS IN A SUBSTANTIAL YES MAJORITY, PRIME MINISTER WILSON WILL EMERGE AS ONE OF THE MAIN BENEFICIARIES. HE WILL HAVE ACCOMPLISHED WHAT HAS ALWAYS BEEN HIS OVERRIDING OBJECTIVE: TO HOLD THE LABOR PARTY TOGETHER WHILE KEEPING BRITAIN IN THE EC. AND HE WILL HAVE DONE IT RIDING ON THE BACKS OF THE VERY POLITICIANS WHO HATE HIM MOST (TORIES, LIBERALS, AND DISCIPLES OF ROY JENKINS). IN RETROSPECT, HIS WIDELY DESPISED CHOPPING AND CHANGING ON THIS ISSUE OVER THE PAST THREE YEARS MUST BE ACKNOWLEDGED AS TACTICALLY BRILLIANT, IF NOT NOTABLY PRINCIPLED. FOR POLITICAL INSTINCT AND INTRICATE FOOTWORK HE HAS PROVED AGAIN THAT HE HAS NO PEER.

2. A SUBSTANTIAL YES MAJORITY WILL ENHANCE WILSON'S AUTHORITY, PARTICULARLY VIS-A-VIS THE LEFT WING OF HIS OWN PARTY AND AGAINST THE PRETENSIONS OF PARTY CONFERENCE AND THE NATIONAL EXECUTIVE COMMITTEE TO SPEAK FOR LABOR'S RANK-AND-FILE. HE WILL NEED EVERY BIT OF THAT ENHANCED AUTHORITY TO PUSH THROUGH THE KIND OF TOUGH MEASURES, INCLUDING A FRESH APPROACH TO AN INCOMES POLICY, THAT ARE REQUIRED TO COPE WITH BRITAIN'S DETERIORATING ECONOMIC SITUATION. SUCH MEASURES ARE OVERDUE, AND HAVE BEEN LIMITED OFFICIAL USE

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DELIBERATELY DELAYED SO AS NOT TO RISK A BACKLASH IN THE EC VOTE. HIS TASK WILL NOT BE MADE ANY EASIER BY THE BITTERNESS WHICH THE EC CAMPGIAN HAS ENGENDERED AMONG LEFTWINGERS, BUT THEN THEY NEVER HAD ANY ILLUSIONS ABOUT WILSON ANYWAY.

3. WITH THE REFERENDUM SAFELY BEHIND HIM AND THE ISSUE FINALLY SETTLED, WILSON WILL ALSO REGAIN GREATER FREEDOM

OF ACTION TO COUNTER THE CHALLENGE TO HIS LEADERSHIP
MOUNTED BY TONY BENN. BENN HAS ABUSED THE LICENSE TO
DISSENT ISSUED FOR THE DURATION OF THE REFERENDUM CAM-
PAIGN BY CARRYING HIS OPPOSITION TO GOVERNMENT POLICY
BEYOND THE EC ISSUE ALONE. HIS ADVOCACY OF PUBLIC
OWNERSHIP AND WORKER CONTROL GOES WELL BEYOND ANYTHING
AGREED IN CABINET, AND HAS CAUSED ACUTE ALARM IN THE CITY
AND AMONG INDUSTRIALISTS. WILSON IS UNLIKELY TO HAND
HIM A MARTYR'S CROWN BY SACKING HIM FROM THE CABINET, BUT
IS EXPECTED RATHER TO SHIFT HIM TO ANOTHER PORTFOLIO
WHERE HE WILL HAVE LESS OF A DIRECT SAY IN GOVERNMENT
ECONOMIC POLICY.

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FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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4. WHATEVER WILSON DECIDES, BENN STANDS TO LOSE FROM A YES VOTE ON JUNE 5. HE IS THE FATHER OF THE REFERENDUM ITSELF AND THE APOSTLE OF POPULAR DEMOCRACY. HE INSISTED THAT THE PEOPLE BE ALLOWED TO DECIDE, AND IF THEIR DECISION NOW GOES HEAVILY AGAINST HIS RECOMMENDATION, HE IS BOUND TO SUFFER. HE WILL STILL BE THE DARLING OF MANY ON THE LEFT, AND IS ALMOST CERTAIN TO LEAD THEIR RESISTANCE
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TO THE ANTI-INFLATIONARY MEASURES EXPECTED THIS SUMMER, BUT HIS CLAIM TO SPEAK FOR THE MASSES WILL LOOK RATHER THREADBARE.

5. ROY JENKINS, ON THE OTHER HAND, STANDS TO GAIN. HE HAS LED LABOR'S PRO-MARKETEERS THROUGH SOME VERY DIFFICULT YEARS AT NO SMALL COST TO HIMSELF. HE HAS BEEN CONSISTENT PRINCIPLED, AND POLITICALLY COURAGEOUS. BEING PROVED "RIGHT" ON JUNE 5 MAY NOT MAKE HIM BETTER LOVED, BUT IT WILL CERTAINLY ENHANCE THE CLAIM OF HIS FOLLOWERS THAT THE SOCIAL DEMOCRATS AND NOT THE TRIBUNITES SPEAK FOR THE MAJORITY OF LABOR VOTERS. JENKINS' OWN STANDING WITHIN THE PARTY WILL BE RESTORED AT LEAST TO WHERE IT WAS PRIOR TO HIS RESIGNATION FROM THE SHADOW CABINET OVER THREE YEARS AGO, AND HE MUST ONCE AGAIN BE RECKONED A PRIME LONG-TERM CONTENDER, ALONG WITH HEALEY AND BENN, FOR THE LEADERSHIP, IF AND WHEN WILSON EVER DECIDES TO STEP DOWN. (IN THE SHORT TERM CALLAGHAN WOULD HAVE THE EDGE.) HEALEY, TO WILSON'S ANNOYANCE, HAS STAYED OUT OF THE REFERENDUM CAMPAIGN, PRESUMABLY TO CONSERVE HIS POLITICAL CAPITAL FOR THE BITTER FIGHT OVER ECONOMIC POLICY THAT LIES IMMEDIATELY AHEAD, BUT ALSO TO MAXIMIZE HIS CHANCES FOR EVENTUALLY BECOMING LEADER.

6. WE SHALL SOON BE DOING A MESSAGE SPECULATING ON THE CONSIDERATIONS THAT WILSON WILL HAVE IN MIND WHEN HE SHUFFLES HIS CABINET AFTER THE REFERENDUM. IN THE CONTEXT OF THE PRESENT MESSAGE, SUFFICE IT TO SAY THAT THE ANTI-MARKETEERS IN GENERAL ARE UNLIKELY TO SUFFER PERSONALLY. WILSON'S PAST RECORD SUGGESTS THAT HE WILL SEEK TO RECONCILE THEM RATHER THAN PURGE THEM, AND THIS WILL BE DOUBLY TRUE IF HE MOVES AGAINST BENN. ONE KNOWLEDGE-ABLE CABINET MEMBER HAS IN FACT TOLD US THAT HE EXPECTS WILSON TO OFFER BENN'S JOB TO PETER SHORE: EXQUISITE.

7. CONSERVATIVES AND LIBERALS ARE BOUND TO BE HEARTENED BY A YES VOTE IN THE REFERENDUM. BOTH PARTIES HAVE REMAINED SUBSTANTIALLY UNITED, THEIR MACHINERY HAS BEEN ENGAGED IN GETTING OUT THE VOTE, AND THEIR LONG STAND IN FAVOR OF EC MEMBERSHIP WILL HAVE BEEN ENDORSED BY THE ELECTORATE. LIBERALS HAVE BEEN PARTICULARLY GRATEFUL FOR THE MEDIA COVERAGE THEY HAVE ENJOYED. AFTER THEIR DIS-

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APPOINTING SHOWING IN THE LAST GENERAL ELECTION, THEY HAD SUFFERED A VIRTUAL ECLIPSE IN THE NEWS. THEY HAVE GAINED THE ADDITIONAL ADVANTAGE OF BEING SEEN ON PUBLIC PLATFORMS IN THE COMPANY OF LEADING TORY AND LABOR POLITICIANS. WHILE THIS ALL-PARTY EFFORT HAS NOT NECESSARILY LAID THE FOUNDATION FOR COALITION GOVERNMENT, IT HAS AT LEAST ESTABLISHED A PATTERN OF COOPERATION ACROSS PARTY LINES THAT COULD HAVE FAR-REACHING CONSEQUENCES WHEN PARLIAMENT COMES TO GRIPS WITH THE ECONOMIC CRISIS.

8. FROM THE VANTAGE POINT OF LONDON, IT IS DIFFICULT TO ASSESS THE COURSE OF THE REFERENDUM CAMPAIGN IN SCOTLAND. THE SCOTTISH NATIONAL PARTY (SNP) HAS PRESSED HARD FOR A NO VOTE. IF, AS THE POLLS INDICATE, EVEN SCOTLAND TURNS

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IN A SLIGHT YES MAJORITY, THE SNP WILL LOSE ITS ARGUMENT THAT SCOTLAND HAS BEEN DRAGGED INTO THE EC BY ENGLAND. PRO-EC SCOTTISH MPS PROFESS TO SEE IN SUCH AN OUTCOME EVIDENCE THAT SNP STRENGTH HAS PEAKED. INDEED, RECENT OPINION RESEARCH IN SCOTLAND COMMISSIONED BY THE LABOR PARTY SEEMS TO INDICATE THIS TO BE THE CASE, ESPECIALLY IF THE SNP GOES AHEAD WITH ITS REPORTED PLANS TO MAKE LIMITED OFFICIAL USE

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SEPARATISM ITS PRINCIPAL PLATFORM PLANK.

9. ONE FINAL WORD IS IN ORDER ON WHAT THE REFERENDUM CAMPAIGN HAS MEANT FOR TWO ANTAGONISTS OF YESTERDAY: TED HEATH AND ENOCH POWELL. THE ARCHITECT OF BRITISH MEMBERSHIP, HEATH HAS FOUND IN THE CAMPAIGN AN IDEAL VEHICLE FOR RETURNING TO THE ARENA OF BRITISH POLITICS. HE HAS CAMPAIGNED VIGOROUSLY, NEVER IN BETTER FORM ON THE STUMP, AND TO LARGE AND ENTHUSIASTIC CROWDS. SOME WOULD SAY THE ENTHUSIASM OF THE TORY CROWDS IS IN DIRECT PROPORTION TO THE GUILT/INDIGNATION THEY FEEL AT HIS HAVING BEEN DEPOSED AS LEADER. IT IS TOO SOON TO SEE WHETHER HE HAS BUILT A SUFFICIENT BASE ON WHICH TO MAKE A COMEBACK, BUT HE CERTAINLY HAS RE-ESTABLISHED HIMSELF AS A POTENT FORCE IN TORY POLITICS.

10. POWELL, ON THE OTHER HAND, HAS SEEN HIS WANING INFLUENCE ERODED FURTHER. HE SEIZED ON THE EC ISSUE TO BREAK WITH THE CONSERVATIVE PARTY IN FEBRUARY 1974, AND

HIS DEFECTION MAY WELL HAVE COST HEATH THE GENERAL
ELECTION AND ULTIMATELY THE LEADERSHIP OF THE PARTY. A
NO VOTE ON JUNE 5 WOULD HAVE VINDICATED HIS STAND AND
PAVED THE WAY FOR HIS RETURN TO THE CONSERVATIVE FOLD;
A YES VOTE LEAVES HIM REJECTED, AND STUCK IN ULSTER.

11. P.S. IF THE POLLS ARE MOMUMENTALLY IN ERROR, AND
BRITAIN VOTES NO ON JUNE 5, PLEASE DESTROY ALL COPIES OF
THIS CABLE, AND LOOK FOR A REVISED ASSESSMENT NEXT WEEK.

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Message Attributes

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